

25X1

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

CRS/SATO

Secret



ILLEGIB



Developments in Indochina

DIA review(s) completed.

Secret

122

11 May 1973
No. 2009/73

25X1

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

~~SECRET~~

Developments in Indochina

This publication is prepared by the Far East Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

11 May 1973

SOUTH VIETNAM 1

Hanoi has reportedly been telling its southern counterparts to avoid major military campaigns and concentrate on political action during the next six months. An assessment of Communist strengths and intentions by the South Vietnamese Joint General Staff holds out little hope that the Communists will abide by the cease-fire agreement over the long term.

CAMBODIA 4

Phnom Penh, meanwhile, continues to be plagued by supply problems and although rice stocks in the capital are adequate for the present, serious problems may be encountered by mid-summer. On the military front, a recent report from the US army attache discusses the improved military situation around Takeo.

LAOS 6

The Lao National Assembly, resentful of Souvanna's high-handed methods in dealing with the Communists, may again try to make matters difficult for the Laotian prime minister.

~~SECRET~~

SECRET

INTERNATIONAL 7

The growing possibility of Canadian withdrawal from the ICCS naturally raises the question of Indonesian participation in the commission. However, in Jakarta's case, several important foreign policy considerations, for the time being at least, outweigh the frustrations and costs of membership.

ANNEX 9

The Corruption Issue in South Vietnam

SECRET

SECRET

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

SOUTH VIETNAM

25X1

Hanoi Backs Strategy of Political
Struggle for South Vietnam

The North Vietnamese are telling their southern supporters to avoid major military campaigns and to concentrate on political action during the next six months.

25X1

25X1

COSVN was told by North Vietnamese party leader Le Duan and the Lao Dong Party central committee to reaffirm its political struggle orders issued last January.

According to a COSVN spokesman at a conference last month in Tay Ninh Province, the North Vietnamese believe that further reliance on military action alone would simply prolong the "same tedious pattern" of launching campaign after campaign as before the Paris agreement. Although these campaigns did result in a cease-fire and a US military withdrawal, the spokesman said, the people were left with a "wretched existence" and no permanent damage was caused to the Saigon government.

The central party committee believes that the "different" situation prevailing after the cease-fire requires new methods and new objectives, according to the COSVN beliefs. Priority tasks for the Communists in the South are to improve political capabilities, build local infrastructures, and develop Communist-held areas. In practical terms, the COSVN spokesman said, the Communists must work to attract people to their areas by building industries, setting up agricultural production, and creating transport and marketing systems--all endeavors that demand considerable time, talent, and effort. The Communists must first establish a populated area in their territory, according to the official, before they can expect to exhibit credible popular support

11 May 1973

-1-

SECRET

Approved For Release 2006/04/21 : CIA-RDP85T00875R001100010043-8

SECRET

for the Viet Cong. A start at building popular support would be provided by the return of persons who had "deserted the revolution"; these people could, in turn, influence others to return.

The long-range goal, the spokesman said, is to move the party and its followers out of the forests and into the open. This is why Hanoi has "directed" its southern supporters to develop a system of markets that will facilitate trade between Communist and government zones, and to create an industrial and urban showcase for the Viet Cong in northwestern Tay Ninh Province. These efforts, he added, could not be undertaken if the central committee did not intend to operate "within the framework of the cease-fire agreement" and intended instead solely to keep the main force war going.

25X1

25X1

Saigon Command Assesses Communist
Post - Cease-fire Posture

South Vietnam's Joint General Staff has assessed Communist strengths and intentions following the first 60 days of the cease-fire agreement. The staff's view holds out little hope that the Communists will abide by the agreement over the long-term.

The staff estimates that Communist plans involve "three essential courses of action." The first, within the framework of the cease-fire agreement, is a "semi-war and semi-peace" situation in which political struggle is the basic pattern and the goal is a coalition government "as an intermediary step to a complete Communist regime." The second involves a renewal of "limited war" following any termination of US assistance, assuming that the deliberations between the South Vietnamese and the Viet Cong are slow and produce few tangible results. The third course of action would entail an all-out offensive to defeat South Vietnamese forces if the two-party talks fail completely "and the two sides cannot reach a compromise political solution."

11 May 1973

-2-

SECRET

SECRET

The staff assessment concluded that the Communists, as of mid-April, were still pursuing the first course of action to enable North Vietnam to restore its economy, receive US aid, and help rebuild the Communist political and military apparatus in the South. This course would not only prepare the Communists for future fighting but would back up their demands for political concessions at the Paris talks. This semi-war, semi-peace policy would continue so long as talks between the two parties did not appear entirely fruitless and "political arrangements and commitments by the big powers" kept the Communist war-making machine in check.

The staff assessment, although not an official government view, probably reflects accurately the senior military command's evaluation of post - cease-fire Communist plans and intentions. The assessment appears to be realistic in terms of Communist options and capabilities as well as the potential threat over the longer term.

25X1

11 May 1973

-3-

SECRET

CAMBODIA

25X1

The Squeeze on Supplies

Supply problems continue to plague Phnom Penh. The capital's stocks of gasoline, automotive diesel fuel, and kerosene will be virtually depleted by the end of this week, and the next Mekong supply convoy is not scheduled to arrive until 16 May. The convoy that arrived on 7 May brought mainly industrial diesel and fuel oil, which are vital to Phnom Penh's survival since they are used to power electrical, water, and sewage systems. A prolonged shortage of petroleum products used for transportation and cooking could lead to disturbances and black markets.

Rice stocks in Phnom Penh are adequate for now, but serious problems are likely by mid-summer. For the third straight month, rice distribution has been at least 25 percent above expected levels, and is unlikely to decline. An increase in the number of refugees in the capital, shortages in nearby provinces, hoarding, and diversion of rice to Khmer Communist markets have put pressures on Phnom Penh stocks. Prices on the black market are already three times as high as the government's controlled, but largely unenforced, prices.

Substantial quantities of US or Thai rice will be needed over the next several months to avert a serious shortage. A seven-week supply of US-financed PL-480 rice is being delivered to Phnom Penh over Route 4, but this road frequently has been interdicted. An additional four-week supply is scheduled to arrive in Kompong Som between late May and mid-July, the final delivery of US rice under existing grants. virtually no supplies are coming from the Battambang rice bowl because of the interdiction of Route 5, and the Cambodians thus far have been able to secure a commitment for only a small quantity of Thai rice.

25X1

11 May 1973

SECRET

25X1

Threat to Takeo Eases

The Khmer Communist threat to the southern provincial capital of Takeo has eased since the first of this month, primarily as a result of heavy US air strikes. According to a US Army Attache who visited Takeo on 8 May, US air support probably prevented the Communists from sustaining their ground attacks and capturing the city. Takeo has been shelled only twice in the past ten days by 105-mm. howitzers. Government forces from Takeo have managed to extend the city's defense perimeter some two miles in the northeast and east, but well-entrenched Communist troops are preventing them from moving out in other directions.

Khmer Communist strength in Takeo is still estimated at from 1,000 to 1,500 troops, most of whom are located south of the city. On the government side, there are about 3,000 troops. The attache stated that the morale of these troops has been bolstered by US air support, the recent evacuation of wounded by helicopter, and by the interest government leaders have shown in their plight.

25X1

11 May 1973

-5-

SECRET

LAOS

25X1

Troublemakers Reassemble

King Savang Vatthana today convoked the Lao National Assembly for its annual six-month session. The assembly has little real legislative power, but in the past has demonstrated a willingness to challenge Prime Minister Souvanna's conduct of government. Last year, led by the powerful right-wing Sananikone family faction, the assembly made a strong attempt to undermine Souvanna's authority and briefly threatened to unseat his cabinet.

The session this year may be just as difficult for Souvanna. The Sananikones, together with other rightists--some of whom in the past had opposed the Sananikone family's machinations in the assembly--are upset about Souvanna's high-handed methods in dealing with the Communists. Other assembly members are concerned that, as a result of the peace agreement, they will lose their seats, which provide the basis for lucrative side incomes of various types.

With their political and financial interests at stake, these members may be prepared to go ahead with maneuvers in the assembly to demonstrate the depth of their concern and to pressure Souvanna to pay more attention to their interests. At a minimum, the disgruntled members will use the session to publicly air their grievances. The King insists that Souvanna, in order to comply with the constitution, submit the agreements to the assembly for some form of approval. Souvanna hopes that he can satisfy the King by merely submitting to an assembly question period. His right-wing critics, however, may reject this maneuver and push for a showdown vote on the agreements.

25X1

11 May 1973

-6-

SECRET

SECRET

INTERNATIONAL

25X1

The Indonesian Perspective on
the ICCS

With Canadian withdrawal from the ICCS an increasing possibility, concern has been voiced over Indonesia's willingness to continue. Jakarta sympathizes with much of Ottawa's concern over the performance and effectiveness of the commission but the Indonesians, on balance, are extremely reluctant to end their own participation. This is primarily because Indonesia views its role in the ICCS as serving several important foreign policy interests that, for the time being at least, outweigh the frustrations and costs of commission membership.

Beyond its oft-stated desire to help ensure peace and stability in South Vietnam, Jakarta has seen its inclusion in the ICCS as an important step toward establishing Indonesia's credentials as the future leader of Southeast Asia. The Indonesians consider their role in the ICCS to be that of spokesman for regional interests in an otherwise non-Asian body, and Foreign Minister Malik reported officially to the recent ASEAN ministerial meeting on Indonesia's experiences in Vietnam peace-keeping.

The role of "disinterested" regional spokesman has proved a frustrating one for the Indonesians. During his tenure as ICCS chairman, the Indonesian representative acted in typical Javanese fashion--stressing areas of agreement while postponing discussion on divisive issues. The Indonesians believe that their efforts to serve as an unbiased mediator in this fashion were constantly misinterpreted by both the Canadians and the Communist delegations. In particular, the Indonesians strongly object to

11 May 1973

-7-

SECRET

SECRET

being lumped with the Canadians as the "Western" or pro-US faction on the ICCS. The Indonesian members have also become resentful over what they consider the tendency of the Canadians to treat them as "younger brothers" without the right to an independent view. Barring a total collapse of the supervisory effort in South Vietnam--caused by either Canadian withdrawal or a major breakdown in the Vietnam cease-fire--Jakarta's own commitment to the commission will probably endure. Should Jakarta eventually decide the time has come to leave, it would probably first seek the approval of its ASEAN colleagues in order to give such a decision the weight of regional sanction.

25X1

11 May 1973

-8-
SECRET

ANNEX

25X1

The Corruption Issue in
South Vietnam



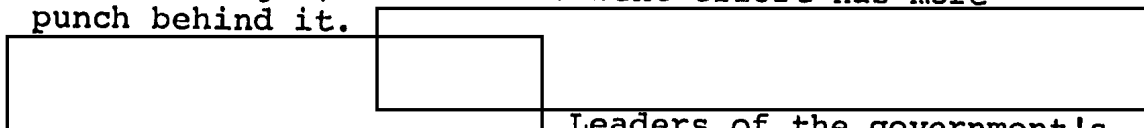
In South Vietnam, as in most countries of Southeast Asia, what Westerners would term "corruption" in government is fairly commonplace. In part, this is due to the fact that certain practices considered "corrupt" in the West are accepted as a normal part of life by the Vietnamese. Even so, corruption is one of many issues with which the Saigon government is concerned in its political struggle with the Communists, and President Thieu has recently taken some steps to combat it.

Since the signing of the cease-fire agreement, numerous government officials, including Thieu himself, have publicly called for a crackdown on corruption to prevent the Communists from exploiting the issue. Privately, Thieu has added that a vigorous stand against corruption is needed to help improve American opinion of his government.

Saigon has taken some steps toward controlling the easy accumulation of money and goods by officials and employees with access to important economic resources or to sensitive security information. A recently announced campaign requires a declaration of private holdings by elected officials, high government appointees, military officers, and most lower ranking personnel who handle such matters. A similar earlier campaign faltered because of the government's unwillingness to put real force behind it, but there are some signs, that the current effort has more punch behind it.

25X1

25X1



Leaders of the government's Democracy Party chapter in Da Nang view the alleged corruption in the police force as one of the "primary

11 May 1973

SECRET

causes" of a lack of popular confidence in the administration.

25X1

25X1

Public officeholders throughout the provinces have also come under increasing fire, apparently as part of the government's get-tough policy. The Quang Ngai Province chief recently ordered several local officeholders removed after an investigating committee charged them with improper distribution of refugee funds. In the delta, a deputy province chief was removed on charges of "gross corruption." In late March, President Thieu removed three province chiefs on corruption charges, but the government's chief investigator now says that there is no evidence to support the charges in at least two of the cases, and the primary reason for the dismissals appears to have been political.

The effectiveness of the anti-corruption drive is difficult to assess. The chief investigator, General Nguyen Van Hieu, recently commented that the problem is "enormously difficult" and is complicated by such factors as inflation. The situation requires "drastic measures," according to Hieu, which would constitute a virtual "revolution" in the government's approach. He had earlier indicated that his staff lacks adequate funds and people to carry out full-scale investigations, and that it is often hampered by the political clout of persons being investigated. Hieu said his experiences during the past year have led him to conclude that profiteering and corruption are widespread and may influence some people to be more sympathetic toward the Communists.

Evidence that the Communists have been able to capitalize effectively on the corruption issue is scanty, but there is some. South of Saigon in Long An Province, Communist propagandists recently have been sending unsigned letters throughout the province accusing government officials of various shady dealings. South Vietnamese security officials reportedly consider the Viet Cong propaganda tactic effective and are considering ways to counter it.

25X1

25X1

11 May 1973

SECRET